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TO RUEHC/SECSTATE WASHDC IMMEDIATE 9936
INFO RUEHRC/AMCONSUL RECIFE 7124
RUEHSD/AMCONSUL SAO PAULO 0766
RUEHRI/AMCONSUL RIO DE JANEIRO 5088
RUEHBU/AMEMBASSY BUENOS AIRES 4990
RUEHMN/AMEMBASSY MONTEVIDEO 7005
RUEHAC/AMEMBASSY ASUNCION 6277
RUEHSG/AMEMBASSY SANTIAGO 6409
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SUBJECT: SENATE PRESIDENT WINS ACQUITTAL ON IMPROPRIETY CHARGES

¶1. (U) In a historic vote, Brazilian Senate President Renan Calheiros was absolved on September 12 of charges of misconduct - the first time the Senate had voted on a charge of impropriety against its president. The secret vote of 40 to 35, with 6 abstentions, fell short of the 41 votes needed to find him guilty of misconduct for allegedly entering into an arrangement in which a public relations firm that benefited from government contracts handled child support payments to a journalist with whom Calheiros has an illegitimate daughter. Calheiros still faces two other related charges that will also be voted in the Ethics Committee and, if approved, in the Senate plenary.

¶2. (SBU) With this vote to absolve, President Lula retains a key ally in the senate who was, until the ethics scandal arose, an effective deal-maker for the Lula administration and a well-liked mediator among his Senate colleagues. Now greatly weakened and possibly ineffective, he may not be able to recover. The Senate's public image is tarnished, and the vote guarantees the process will drag on for weeks or months more. The opposition will selectively obstruct voting for a while, prolonging both the paralysis that has plagued the Senate over the last few months and the sense of crisis, as the media continue to focus national attention on the alleged corruption of a senior elected official.

¶3. (U) Comment: Calheiros's victory may indeed be, as one commentator posited, a "pyrrhic victory" that leaves him with the title but little power, with another senator emerging as the new dealmaker who advances the administration's agenda. Some commentators have suggested that, with his victory won, Calheiros might even step down from the senate presidency. But the worst may be over for Calheiros, as some in the senate are suggesting that the remaining charges could fizzle.

¶4. (SBU) Comment, continued: Analysts and commentators assert that the Senate has damaged its image ("committed suicide," quipped one), but with the Congress's public approval rating already near rock-bottom, it makes little difference. Media commentators say public outrage over the verdict is unprecedented, if the volume of e-mails they received is a reliable gauge. But most Brazilians do not use e-mail, and probably view the matter as politics as usual, if they care at all. The Senate's decision shows that the old rules of the game still hold, that favors and friendship count more than any interest in punishing impropriety or even improving the institution's image in the public eye.

CHICOLA